

21 Feb.

Canada

1. Export Controls.

COCOM.

Unilateral.

- (a) Agrees to apply same restrictions as U.S. on exports from Canada of goods of U.S. origin. [Source: For. Serv. Desp. # 235, 11 Aug. 1951, Ottawa to State, (Restricted)]
- (b) Denies all goods on the U.N. resolution and a wide range of other goods which may be considered strategic [Source: Conference Paper #1, MP #58, p. 9].

2. Classes of Items Controlled.

- (a) I/II, I/III,
U.S. I, U.S. II (sic)
(probably means U.S. IIB) and the Munitions List. [Source: COMINT Doc. 325, 3 April 1951].
- (b) All goods of U.S. origin.
- (c) Canada "denies shipments of products having a direct or indirect strategic interest (sic) from the strategic (sic) point of view." [Source: COMINT Doc. #325, 3 April 1951].
- (d) Canada also stated that it would accept the U.K.'s "China Prohibited List" plus the balance of I/III for embargo. Whether Canada has actually implemented this is not clear. [Source: Paris to State, Telegram #3050, 21 Nov. 1951 (Secret)].

Note - It is stated in the Report of the Special Subcommittee of the Committee on Foreign Affairs dealing with Control of Exports to the Soviet Bloc, 62nd Congress, 1st Session, 7 June, 1951, that Canada had a complete embargo on goods destined to China (p. 5). I have been unable to confirm this statement.

3. Indications of Effectiveness of Controls.

While Canada applies the same controls as the U.S. to Canadian exports of goods of U.S. origin, there is some evidence to indicate that Canadian controls are less restrictive (or were so as late as mid '51) with respect to Canada's indigenous production. For example, a State Dept. telegram stated that attempts were "made to evade rigid U.S. export controls by buying from Canada when possible." [State, Siam, Bangkok, 102177, 22 June, 1951 (Confidential)]. There are other reports which indicate that certain U.S. owned concerns located in Canada might have shipped antibiotics to Hong Kong in 1951. In mid '50, a report (R-2) stated that a U.S. firm which could not get a U.S. license to ship motor trucks to China did get its Canadian plant to do so. In mid '51, a U.S. firm could not get a U.S. license to ship aluminum to Argentina, but subsequently received a request from a Canadian firm to sell their aluminum of similar specifications for sale in Buenos Aires.

Ships of Canadian registry have engaged in the China trade as late as June '51, but this has probably been stopped. At present, ships engaged in the China trade cannot be bunkered at Canadian ports except those having an "ocean contract."

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4. Likelihood of Receipt of Strategic Items.

(a) Shipments through Canada:

As of 6 January 1950, goods imported into Canada and not further processed in Canada require an export permit unless: (1) they are on a through bill of lading indicating a third country as the ultimate destination, or (2) destined for the U.S.

(b) Canadian shipment abroad:

As of 27 August, 1951, Canada requires "assurances" from European Govts. against reshipment to the Bloc before licensing "essential materials and metals", requires exporters to give documentary evidence to prove ultimate destinations, requires a Canadian resident to make shipment (not foreign concern), and previous exemptions from licensing of shipments to Govt. office outside the country, casual gifts, and personal effects, were cancelled. [Source: IRH 154-51, OAI, 11 September 1951 (R-2) (Restricted)].

(c) End - 2/ are checks are utilized to some extent.

5. Special Measures Applicable to Hong Kong and Macao.

(a) All goods, without exception, require a license to Hong Kong and Macao. This is effect since 9 December 1950. [Source: Conf. Paper #2, MP #56, p. 9].

6. Comparison with Measures Applicable to Soviet Bloc in Europe.

(a) Tighter against China.

7. General Remarks.

In general, the Canadian controls seem quite good and are probably second only to the U.S. in scope and effectiveness. Customs procedure and scrutiny of license applications have been tightened since Sept. 1951 and the legal basis for prosecuting violators has been provided. Canada has acted against the shipping concern which was engaging in the China trade and while Canada at one time carried on trade with China in non-strategic goods, this is now believed to be at a minimum.